



**Chinese Development Assistance Council  
(Limited by guarantee and not having a share capital)  
Registration Number: 199202625K**

Annual Report  
Year ended 31 December 2008

## **Directors' report**

We, the undersigned directors, on behalf of all the directors of Chinese Development Assistance Council (the "Council"), submit this annual report to the members together with the audited financial statements of the Council for the financial year ended 31 December 2008.

### **Structure, governance and management**

The founding members of the Council are the Singapore Chinese Chamber of Commerce and Industry ("SCCCI") and the Singapore Federation of Chinese Clan Associations ("SFCCA").

The Board of Directors and the Board of Trustees of the Council are formed through a tripartite nomination. The Patron, the SCCCI and the SFCCA each nominate their representatives to serve on the two Boards. The Board of Trustees comprises Chairman of the Board of Directors, seven representatives each from the SCCCI and SFCCA and ten other persons nominated by the Patron of the Council. The Board of Directors comprises four representatives each from the SCCCI and SFCCA and nine other persons nominated by the Patron.

For better governance and management, the Board of Directors has set up seven Board Committees to oversee the operation of the various programmes of the Council. Chairman of each Board Committee is appointed by Chairman of the Board of Directors. The Committees include:

<u>Board Committee</u>	<u>Programmes</u>
Education Committee	Education Programme CDAC Opportunity Fund
Skills Training Committee	Skills Training Programme
Student Service Centres Committee	Student Service Centres
Volunteers & Social Services Committee	Volunteers & Social Services Programme
B <sup>3</sup> Programme Committee	B <sup>3</sup> Programme
Silver Talent Programme Committee	Silver Talent Programme
Workfare Programme Committee	CDAC Workfare Programme

In addition, the Council also set up a Finance and Establishment Committee to oversee the manpower establishment, financial and human resource management of the Council and an Investment Committee to manage and invest the funds of the Council.

In 2008, the Council has set up an Audit Committee to serve as an independent and objective party to assist the Board of Directors and Board of Trustees in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices.

### **Patron**

The Patron of the Council is the Prime Minister of Singapore, Mr Lee Hsien Loong.

## **Directorate**

The directors in office at the date of this report are as follows:

Lim Swee Say (Chairman)  
Baey Yam Keng  
Chua Kee Seng, Thomas  
Eng Heng Nee, Philip  
Fu Hai Yien, Grace  
Gan Kim Yong  
Heng Chee How  
Kuah Geok Lin, James  
Ng Kok Lip  
Dr Ong Seh Hong  
Dr Ooi Giok Ling  
Tan Eng Lai  
Tang Kian Meng  
Tay Khiam Back  
Teo Chiang Long  
Wan Shung Ming  
Wong Luck Jaen

The roles of the Board of Directors are to:

- (1) formulate key objectives, strategies and directions for the operation of the Council;
- (2) monitor and review the progress of the various programmes and activities of the Council;
- (3) review and approve annual budget for the various programmes and activities of the Council; and
- (4) abide by the duties, responsibilities and liabilities of a Director as specified in the Companies Act as well as under the common law.

## **Trustees**

The trustees in office at the date of this report are as follows:

Wee Cho Yaw (Chairman)  
Cheng Wai Keung  
Chia Ban Seng  
Ch'ng Jit Koon  
Chua Thian Poh  
Goi Seng Hui, Sam  
Ho Nai Chuen, Charles  
Dr Hong Hin Kay, Albert  
Hu Yee Cheng, Robin  
Kwee Liong Keng

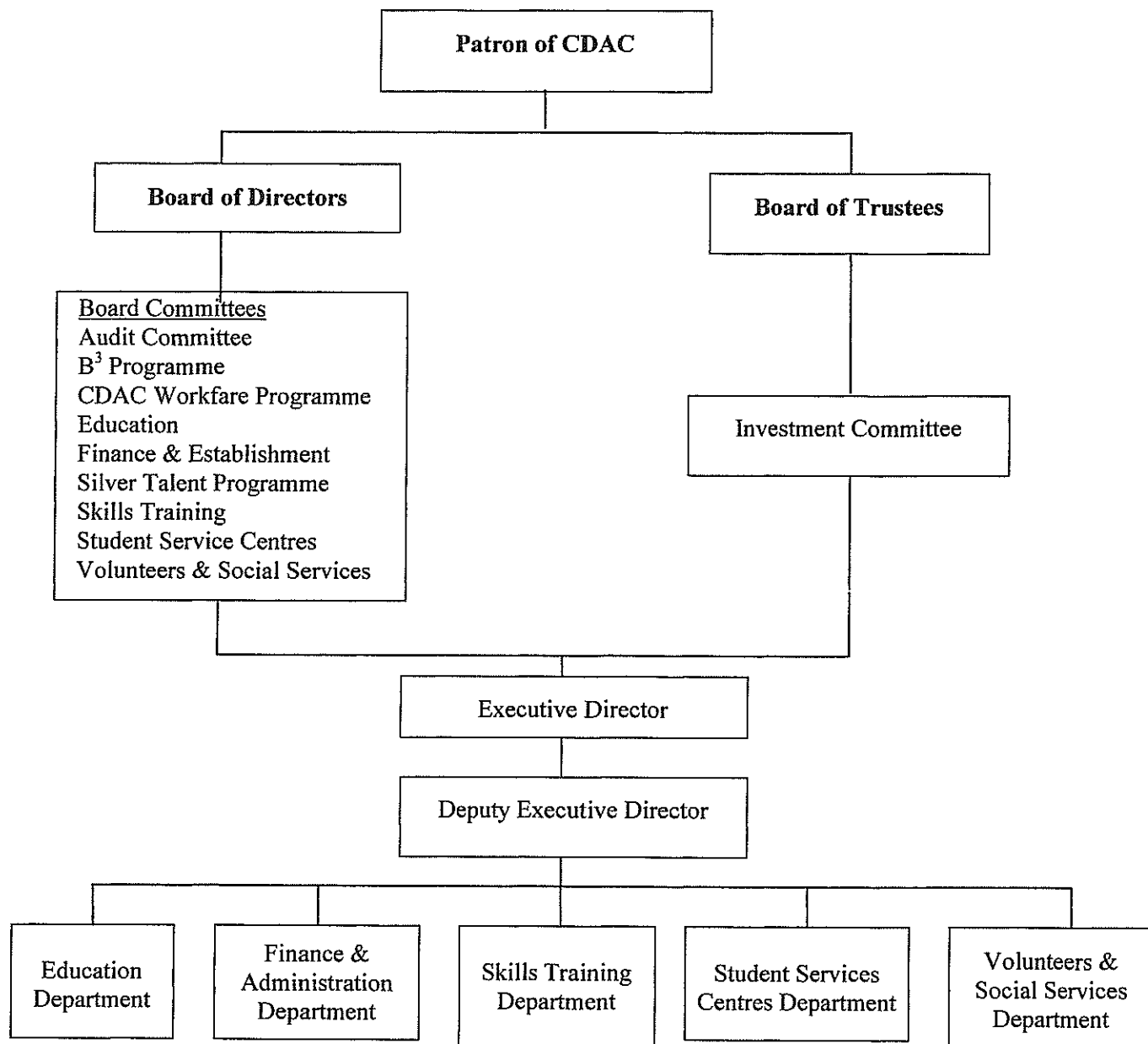
Kwek Leng Joo  
Lee Ah Fong  
Lee Ching Yen, Stephen  
Lee Peng Shu  
Lee Kwok Kie, Patrick  
Leong Heng Keng  
Lim Fang Hua  
Lim Swee Say  
Chew Leong-Chee, Tony  
Dr Loo Choon Yong  
Lum Ooi Lin, Olivia  
Tan Kien Lip  
Tan Cheng Gay  
Wong Kan Seng  
Yap Boh Pin

The roles of the Board of Trustees are to:

- (1) help mobilise community support to achieve the objects of the Council;
- (2) hold in trust any assets for the Council at the request of the Board of Directors; and
- (3) offer observations, comments and advice on the general programmes adopted by the Council.

## Organisation structure of the Council

The Council's organisation structure is as follows:



## Key roles and functions of the various committees, key management and departments of the Council

The roles and functions of the various Board Committees are to:

- (1) oversee the operation, progress and development of the various programmes;
- (2) review and assess the effectiveness of the programmes; and
- (3) recommend and implement new programmes and activities to meet the needs of the respective target groups of the various programmes.

The key roles and functions of the management and departments of the Council are to:

- (1) carry out the day-to-day operation of the various programmes and activities;
- (2) provide secretariat support to the various Board Committees to implement the programmes and activities; and
- (3) monitor the progress of the various programmes/activities and provide Board Committees overseeing the various programmes with timely progress report of the programmes.

### **Objectives and activities**

The Council has four core programmes, namely Education, Skills Training, Student Service Centres and Volunteers & Social Services and three new programmes. During the year, besides focusing on the four core programmes, the Council continued to scale up its three new programmes. They are B<sup>3</sup> Programme, Silver Talent Programme, CDAC Workfare Programme and the CDAC Opportunity Fund. The objectives of the various CDAC programmes are as follows:

#### **Education Programme**

The Education Programme aims to help the academically weak students from less well-to-do families to improve in their studies through subsidised tuition and enrichment programmes.

#### **Skills Training Programme**

The Skills Training Award scheme aims to assist low-income, low-skill workers to upgrade their skills so as to enhance their earning capabilities.

#### **Student Service Centres Programme**

The CDAC Student Service Centres are set up to help students improve their studies, develop their potential and build up their self-esteem.

#### **Volunteers & Social Services Programme**

The Programme aims to manage and build up a pool of competent and committed volunteers to support and implement the various CDAC's programmes and to recognise dedicated and deserving volunteers. The Programme also provides support, financial and other assistance programmes to needy families and students through the CDAC-SFCCA Hardship Assistance Fund and CDAC-SFCCA Bursary schemes.

#### **B<sup>3</sup> Programme**

The B<sup>3</sup> Programme signifies "Benefited, Benefiting, Beneficiaries". It provides a platform for youths who have benefited from CDAC's programmes to contribute their services back to society, hence benefiting the existing beneficiaries.

### **Silver Talent Programme**

The Silver Talent Programme focuses on providing employment opportunities for the older Singaporeans and retirees who still have financial needs to join and re-join the workforce. The programme also aims to recruit active older Singaporeans who are financially sound to become CDAC's volunteers.

### **CDAC Workfare Programme**

The CDAC Workfare Programme aims to help single parents to join or re-join the workforce. Appropriate assistance schemes are put in place to enable the single parents, intact families with children and dysfunctional families to become self-reliant.

### **CDAC Opportunity Fund**

The CDAC Opportunity Fund provides greater opportunities for Chinese students from the low-income families during their learning journey. Students can participate in enrichment programmes by attending courses on life-skills, leadership and motivational courses. They can also acquire learning tools including personal computers and receive transport and fees subsidies.

### **Financial review, achievements and performance**

In 2008, the Council continued to focus on its Four plus Three Programmes. They are Education, Skills Training, Student Service Centres and Volunteers & Social Services, B<sup>3</sup> (a Youth Development Programme), Silver Talent, and CDAC Workfare Programmes. In addition, CDAC also expanded the CDAC Opportunity Fund Programme to reach out to more needy students.

The various programmes including the new initiatives implemented have helped the following target groups:

- |     |   |   |
|-----|---|---|
| (a) | Education Programme   | Offered 19,640 tuition places to 11,059 students from low-income families   |
| (b) | Skills Training Programme   | Given skills training awards to 5,892 low skilled and low-income workers  |
|     | Job-Matching and Career Counselling   | Provided job referrals to 744 job seekers   |
| (c) | Student Service Centres Programme   | Organised 3,468 activities to serve 21,476 student members and assisted 1,204 families to acquire new computers through NEU PC Plus Programme   |
| (d) | Volunteers & Social Services Programme - CDAC-SFCCA Hardship Assistance Fund & CDAC-SFCCA Bursary schemes | Assisted 7,500 needy students/families through the Ready-for-School project, 335 families with financial assistance and trained 502 parents through Parent Development Programme. Given out 2,567 bursaries to needy students. Deployed 1,364 volunteers in various programmes and activities |

- |     |  |  |
|-----|--|--|
| (e) | B <sup>3</sup> (a Youth Development) Programme | Recruited 458 ex-beneficiaries and benefited 1,002 existing beneficiaries  |
| (f) | Silver Talent Programme                        | Assisted 2,632 silver talents through job training, job placement, active ageing/befriender activities jointly organised with other Grassroots and Voluntary Welfare Organisations |
| (g) | CDAC Workfare Programme                        | Assisted 1,567 disadvantaged families especially single-parents and dysfunctional families   |
| (h) | CDAC Opportunity Fund                          | Assisted 1,509 needy students  |

The Council has achieved its targets set for the various programmes. This is made possible through donations from the Chinese community besides receiving fee income as well as grants and subsidies from various Government Agencies.

#### **Plans for future periods**

The Council will continue to focus and expand on its Four plus Three Programmes. They include the Education Programme, Skills Training Programme (include job matching and career counselling), Student Services Centres Programme, Volunteers & Social Services Programme (include hardship assistance and bursaries), B<sup>3</sup> Programme, Silver Talent Programme and CDAC Workfare Programme.

The Council will continue to review and improve its various programmes. Based on the achievements in 2008, the Council has set new targets for 2009. It will continue to experiment and find new ways to evolve its four core programmes and nurture the three new programmes as well as the CDAC Opportunity Fund Programme to be able to assist more needy families. At the same time, the Council has identified three new key thrusts as it moves towards its vision 2012 when it celebrates its 20<sup>th</sup> Anniversary. The three key thrusts are:

- (a) Helping our target group to move beyond survival towards greater social mobility;
- (b) Moving from community partnership towards community co-ownership; and
- (c) Not just being an efficient implementer, but also an effective integrator.

The Council will continue to adopt a family-centric approach to help identify the needs of its target group and provide the relevant and necessary assistance to the family as a whole.

#### **Directors' interests**

The Council has no share capital and its liability is limited by guarantee.

Neither at the end of, nor at any time during the financial year, was the Council a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Council to acquire benefits by means of the acquisition of shares in or debentures of the Council or any other body corporate.

During the financial year, the Council has, in the normal course of business, entered into deposit transactions with a company in which a director of the Council has substantial financial interest. However, the director has neither received nor become entitled to receive any benefit arising out of these transactions other than those which he may be entitled as a shareholder of this company.

Except as disclosed above, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Council or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

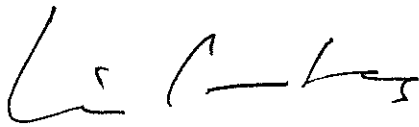
### **Share options**

The Council is limited by guarantee and has not issued any share options.

### **Auditors**

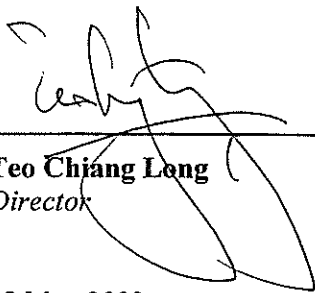
The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



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**Lim Swee Say**  
*Chairman*



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**Teo Chiang Long**  
*Director*

28 May 2009

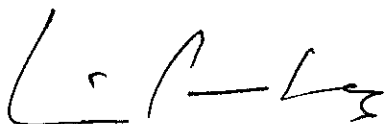
## **Statement by Directors**

We, being directors of Chinese Development Assistance Council, do hereby state that in our opinion:

- (a) the financial statements set out on pages FS1 to FS29 are drawn up so as to give a true and fair view of the state of affairs of the Operation Fund and Endowment Fund as at 31 December 2008 and the results, changes in funds and cash flows of the Operation Fund and Endowment Fund of the Council for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Council will be able to pay its debts as and when they fall due.

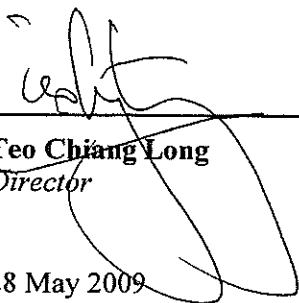
The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



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**Lim Swee Say**  
*Chairman*



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**Teo Chiang Long**  
*Director*

28 May 2009



KPMG LLP  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

Telephone +65 6213 3388  
Fax +65 6225 0984  
Internet www.kpmg.com.sg

## Independent auditors' report

Members of Chinese Development Assistance Council

We have audited the financial statements of Chinese Development Assistance Council (the "Council"), which comprise the balance sheets as at 31 December 2008, the income statements, statement of changes in funds and cash flow statements of the Operation Fund and the Endowment Fund for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS29.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards.

Management has acknowledged that its responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion:

- (a) the financial statements of the Council are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Operation Fund and Endowment Fund as at 31 December 2008 and the results, changes in funds and cash flows of the Operation Fund and Endowment Fund of the Council for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Council have been properly kept in accordance with the provisions of the Act.

**Report on other legal and regulatory requirements**

During the course of our audit, nothing has come to our attention to cause us to believe that:

- (a) the Council did not comply with Regulation 15 of the Charities (Institutions of a Public Character) Regulations 2007; and
- (b) the donation moneys have not been used in accordance with the objectives of the Council as an institution of a public character.



**KPMG LLP**  
*Public Accountants and  
Certified Public Accountants*

**Singapore**  
28 May 2009

**Balance sheet**  
**As at 31 December 2008**

	Note	2008 \$	2007 \$
<b>Non-current assets</b>			
Property, plant and equipment	3	488,138	308,690
Investments:			
Fund management investment schemes	4	-	7,546,155
Direct investments	5	1,313,049	2,868,159
		<u>1,801,187</u>	<u>10,723,004</u>
<b>Current assets</b>			
Curriculum materials		6,681	3,106
Contributions receivable through the Central Provident Fund Board scheme	6	858,531	818,499
Student fees receivable	7	115,460	186,470
Other receivables	8	711,870	1,048,054
Fund management investment schemes	4	5,000,000	-
Cash and cash equivalents	9	2,523,757	985,785
		<u>9,216,299</u>	<u>3,041,914</u>
<b>Total assets</b>		<u>11,017,486</u>	<u>13,764,918</u>
<b>Reserves</b>			
Accumulated Operation Fund	10	8,280,073	11,325,816
Fair value reserve	11	(165,939)	207,068
<b>Total reserves</b>		<u>8,114,134</u>	<u>11,532,884</u>
<b>Current liabilities</b>			
Other payables	12	2,903,352	2,232,034
<b>Total liabilities</b>		<u>2,903,352</u>	<u>2,232,034</u>
<b>Total reserves and liabilities</b>		<u>11,017,486</u>	<u>13,764,918</u>

The accompanying notes form an integral part of these financial statements.

**Income statement**  
**Year ended 31 December 2008**

	Note	2008 \$	2007 \$
<b>Income</b>			
Voluntary income:			
Donations from CPF Check-Off scheme		10,095,304	9,507,443
Other donations		99,000	60,000
		10,194,304	9,567,443
Income from charitable activities:			
Fee income from Education programme		914,777	946,781
Income from B <sup>3</sup> programme and Student Service Centres		1,302,685	1,169,545
Grants and subsidies from government agencies		2,489,469	3,824,670
		4,706,931	5,940,996
Other income	15	453,779	499,708
<b>Total income</b>		15,355,014	16,008,147
<b>Expenses</b>			
Agency fees paid to CPF Board		(379,512)	(348,312)
Investment management cost:			
Fund management investment schemes		(9,306)	(7,560)
Charitable activities:			
Education programme		(4,327,053)	(4,243,745)
Skills Training programme		(5,626,573)	(5,180,711)
Student Service Centres programme		(3,260,587)	(2,840,185)
Volunteers & Social Services programme		(1,436,219)	(967,361)
- CDAC-SFCCA Hardship Assistance and CDAC-SFCCA Bursary schemes		(946,332)	(578,749)
B <sup>3</sup> programme		(182,546)	(203,138)
Silver Talent programme		(376,964)	(247,914)
CDAC Workfare programme		(2,171,333)	(985,048)
CDAC Opportunity Fund programme		(370,852)	(551,620)
<b>Total expenses incurred on charitable activities</b>	16	(18,698,459)	(15,798,471)
Governance costs		(124,813)	(121,814)
Temporary Occupation Licence fee		(430,345)	(422,100)
Administration and finance		(618,423)	(619,497)
<b>Total expenses incurred</b>	17	(20,260,858)	(17,317,754)
<b>Deficit before non-operating income and transfers</b>		(4,905,844)	(1,309,607)

The accompanying notes form an integral part of these financial statements.

**Income statement**  
**Year ended 31 December 2008**

	Note	2008 \$	2007 \$
<b>Other recognised gains/(losses)</b>			
Investment income/(expense):			
Fund management investment schemes	18	(96,943)	161,236
Direct investments	18	147,609	653,010
Net change in fair value of financial assets held for trading		(62,756)	-
Changes in fair value of capital guarantees provided by fund managers		159,658	-
Gain on disposal of plant and equipment		2,533	5,444
		<u>150,101</u>	<u>819,690</u>
<b>Net deficit before transfers</b>		(4,755,743)	(489,917)
<b>Transfers</b>			
Gross transfers from Endowment to Operation Fund:			
Funding of Opportunity Fund programme		250,000	250,000
Funding of Student Service Centres operating expenses		350,000	350,000
Funding of CDAC-SFCCA Hardship Assistance Fund and CDAC-SFCCA Bursary schemes		910,000	550,000
Funding of Volunteers & Social Services Programme (Ready for School Project) & Silver Talent Programme		200,000	100,000
	10	<u>1,710,000</u>	<u>1,250,000</u>
<b>Net (deficit)/surplus for the year</b>		<u>(3,045,743)</u>	<u>760,083</u>
<b>Reconciliation of Operation Fund</b>			
Accumulated Operation Fund brought forward		<u>11,325,816</u>	<u>10,565,733</u>
<b>Total Accumulated Operation Fund carried forward</b>		<u>8,280,073</u>	<u>11,325,816</u>

The accompanying notes form an integral part of these financial statements.

**Cash flow statement**  
**Year ended 31 December 2008**

	<b>Note</b>	<b>2008</b>	<b>2007</b>
		\$	\$
<b>Operating activities</b>			
Cash receipts from:			
Grants received for Skills Training Award scheme		2,547,897	2,701,447
Contributions through the Central Provident Fund Check-Off scheme		10,055,272	9,448,240
Other donations		99,000	60,000
Student fees		968,362	855,307
Fees from student service centres, B <sup>3</sup> programme and Opportunity Fund programme		1,302,685	1,169,545
Endowment Fund		1,710,000	1,250,000
Grants from the Ministry of Community Development, Youth and Sports		707,895	1,477,650
Cash paid to:			
The Central Provident Fund Board for agency fees		(376,676)	(347,158)
Singapore Land Authority for the Temporary Occupation Licence fee		(430,345)	(422,100)
Suppliers and employees		(18,464,640)	(15,907,847)
<b>Cash flows from operating activities</b>		<u>(1,880,550)</u>	<u>285,084</u>
<b>Investing activities</b>			
Purchase of plant and equipment		(481,507)	(225,279)
Proceeds from disposal of plant and equipment		2,600	5,444
Interest received		149,818	183,989
Dividends received		52,453	68,886
Funds with investment managers (including portfolio re-allocations)		2,414,147	(3,095,785)
Proceeds from disposal of other financial assets		1,281,011	1,475,785
<b>Cash flows from investing activities</b>		<u>3,418,522</u>	<u>(1,586,960)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,537,972	(1,301,876)
Cash and cash equivalents at beginning of year		985,785	2,287,661
<b>Cash and cash equivalents at end of year</b>	9	<u>2,523,757</u>	<u>985,785</u>

The accompanying notes form an integral part of these financial statements.

**Balance sheet**  
**As at 31 December 2008**

	Note	2008 \$	2007 \$
<b>Non-current assets</b>			
Fund management investment schemes	4	-	49,982,570
Direct investments	5	1,772,971	2,148,868
		1,772,971	52,131,438
<b>Current assets</b>			
Interest receivable		9,533	9,943
Prepayments		-	50,000
Fund management investment schemes	4	40,494,283	-
Cash and cash equivalents	9	1,165,036	266,246
		41,668,852	326,189
<b>Total assets</b>		43,441,823	52,457,627
<b>Reserves</b>			
Accumulated Endowment Fund	14	42,485,400	48,165,755
Fair value reserve	11	574,678	3,706,242
<b>Total reserves</b>		43,060,078	51,871,997
<b>Current liabilities</b>			
Other payables	12	381,745	585,630
<b>Total liabilities</b>		381,745	585,630
<b>Total reserves and liabilities</b>		43,441,823	52,457,627

The accompanying notes form an integral part of these financial statements.

**Income statement**  
**Year ended 31 December 2008**

	Note	2008 \$	2007 \$
<b>Income</b>			
Voluntary income:			
Donations from general public		127,619	64,804
Investment income:			
Fund management investment schemes	18	-	8,802,010
Direct investments	18	123,625	622,452
Changes in fair value of capital guarantees provided by fund managers		1,448,223	-
Other income	15	8,829	9,046
<b>Total income</b>		<b>1,708,296</b>	<b>9,498,312</b>
<b>Expenses</b>			
Investment management cost:			
Fund management investment schemes		(138,761)	(1,013,007)
Investment expense:			
Fund management investment schemes	18	(849,821)	-
Impairment loss on quoted equity securities available-for-sale		-	(793,082)
Net change in fair value of financial assets		(4,690,015)	-
Charitable activities:			
SFCCA Hardship Assistance Fund and Bursary schemes		-	(340,000)
Other operating expenses		(54)	(54)
<b>Total expenses</b>		<b>(5,678,651)</b>	<b>(2,146,143)</b>
<b>Net deficit before transfers</b>		<b>(3,970,355)</b>	<b>7,352,169</b>
<b>Transfers</b>			
Gross transfers from Endowment to Operation Fund			
Funding of Opportunity Fund programme		(250,000)	(250,000)
Funding of Student Service Centres operating expenses		(350,000)	(350,000)
Funding of CDAC-SFCCA Hardship Assistance Fund and CDAC-SFCCA Bursary schemes		(910,000)	(550,000)
Funding of Volunteers & Social Services Programme (Ready for School Project) & Silver Talent Programme		(200,000)	(100,000)
	14	<b>(1,710,000)</b>	<b>(1,250,000)</b>
<b>Net deficit for the year</b>		<b>(5,680,355)</b>	<b>6,102,169</b>
<b>Reconciliation of Endowment Fund</b>			
Accumulated Endowment Fund brought forward		48,165,755	42,063,586
<b>Total Accumulated Endowment Fund carried forward</b>		<b>42,485,400</b>	<b>48,165,755</b>

The accompanying notes form an integral part of these financial statements.

**Cash flow statement**  
**Year ended 31 December 2008**

	Note	2008 \$	2007 \$
<b>Operating activities</b>			
Cash receipts from:			
Donations		127,619	64,804
Cash paid to:			
Operation Fund		(1,710,000)	(1,250,000)
SFCCA Hardship Assistance Fund and Bursary schemes		-	(340,000)
Others		49,945	289,946
<b>Cash flows from operating activities</b>		<b>(1,532,436)</b>	<b>(1,235,250)</b>
<b>Investing activities</b>			
Interest received		735,363	784,019
Dividends received		459,614	496,282
Funds with investment managers (including portfolio re-allocations)		886,543	(1,101,578)
Proceeds from disposal of other financial assets		349,706	984,914
<b>Cash flows from investing activities</b>		<b>2,431,226</b>	<b>1,163,637</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		898,790	(71,613)
Cash and cash equivalents at beginning of year		266,246	337,859
<b>Cash and cash equivalents at end of year</b>	9	<b>1,165,036</b>	<b>266,246</b>

The accompanying notes form an integral part of these financial statements.

**Statement of changes in funds  
Year ended 31 December 2008**

	Operation Fund		Endowment Fund		Total
	Accumulated fund	Fair value reserve	Accumulated Fund	Fair value reserve	reserves
	\$	\$	\$	\$	\$
At 1 January 2007	10,565,733	603,040	42,063,586	4,276,518	57,508,877
Realised valuation gain on sale of securities held as available-for-sale transferred to the income statement	-	(475,149)	-	(1,236,939)	(1,712,088)
Changes in fair value of securities held as available-for-sale	-	79,177	-	666,663	745,840
Net (losses)/gains recognised directly in equity	-	(395,972)	-	(570,276)	(966,248)
Net surplus for the year	760,083	-	6,102,169	-	6,862,252
Total recognised income and expense for the year	760,083	(395,972)	6,102,169	(570,276)	5,896,004
At 31 December 2007	11,325,816	207,068	48,165,755	3,706,242	63,404,881
At 1 January 2008	11,325,816	207,068	48,165,755	3,706,242	63,404,881
Realised valuation gain on sale of securities held as available-for-sale transferred to the income statement	-	(120,665)	-	(3,101,606)	(3,222,271)
Changes in fair value of securities held as available-for-sale	-	(252,342)	-	(29,958)	(282,300)
Net losses recognised directly in equity	-	(373,007)	-	(3,131,564)	(3,504,571)
Net deficit for the year	(3,045,743)	-	(5,680,355)	-	(8,726,098)
Total recognised income and expense for the year	(3,045,743)	(373,007)	(5,680,355)	(3,131,564)	(12,230,669)
At 31 December 2008	8,280,073	(165,939)	42,485,400	574,678	51,174,212

## **Notes to the financial statements**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 May 2009.

### **1 Domicile and activities**

Chinese Development Assistance Council (“Council”), a public company limited by guarantee and not having a share capital, is incorporated in the Republic of Singapore. The registered address of the Council is at 65 Tanjong Katong Road, Singapore 436957.

The Patron of the Council is the Prime Minister of Singapore, Mr Lee Hsien Loong.

The Council's priority is to help the less successful individuals of the Chinese community in Singapore upgrade themselves in education and skills. To achieve this, the Council organises low fee education programmes and introduces a number of Skills Training Award schemes to help low-skill, low-income workers attend courses in established training institutions. In addition, the Council sets up Student Service Centres providing studies, sports and enrichment activities for needy students. The Council also works with the Ministry of Education and schools to counsel and persuade premature school leavers to return to schools.

The Council has an Operation Fund which is used to finance the Council's operations and programmes and an Endowment Fund which is used to provide funds which can only be used for the Council's operations. Please refer to notes 10 and 14 for details of the Council's Operation and Endowment Funds respectively.

### **2 Summary of significant accounting policies**

#### **2.1 Basis of preparation**

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

Prior to 2007, the Council had obtained an annual exemption order from the Accounting & Corporate Regulatory Authority (“ACRA”) to prepare and present separate balance sheets, income statements, cash flows and statement of changes in funds for its Operation Fund and the Endowment Fund under Section 202(1) of the Singapore Companies Act. In 2007, the ACRA provided a standing approval for the Council to continue its past practice of preparing and presenting such separate statements if such presentation results in a fair presentation of its state of affairs, results, cash flows and changes in funds.

The directors are of the opinion that the preparation and presentation of separate balance sheets, income statements, cash flows and statement of changes in funds for its Operation Fund and Endowment Fund results in a fair presentation of the state of affairs, results, cash flows and changes in funds of the Council.

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

The financial statements are presented in Singapore dollars which is the Council's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying policies that have the most significant effect on the amount recognised in the financial statements are described in note 21- valuation of financial instruments.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

## 2.2 Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Council at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising from the retranslation of available-for-sale equity instruments (see note 2.5).

## 2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Council and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Office equipment	-	3 years
Computer equipment	-	2 years
Furniture and fittings	-	5 years
Renovation	-	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

## 2.4 Funds

Separate funds are maintained for amounts received for specific purposes. Interest income is allocated to the respective funds, where appropriate, on a specific identifiable basis.

## 2.5 Financial instruments

### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, other receivables, student fees receivable, contributions receivable through the Central Provident Fund Board scheme, interest receivable, cash and cash equivalents and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Council becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Council's contractual rights to the cash flows from the financial assets expire or if the Council transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Council commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Council's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and deposits with financial institutions.

*Financial assets at fair value through profit or loss*

An instrument is classified as at fair value through profit or loss if it is acquired principally for the purpose of selling in the short term or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Council manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Council's documented risk management and investment strategies. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

*Available-for-sale financial assets*

The Council's investments in certain quoted equity securities, quoted debt securities and unit trusts are classified as available-for-sale financial assets if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (see note 2.2), are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

*Other*

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

*Derivative financial instruments and hedging activities*

The Council holds derivative financial instruments to hedge its foreign currency risk exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

*Economic hedges*

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in the income statement as part of foreign currency gains or losses.

*Separable embedded derivatives*

Changes in the fair value of separable embedded derivative are recognised immediately in the income statement.

*Impairment of financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

Impairment losses in respect of financial assets measured at amortised cost and available-for-sale debt securities are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in fair value of such assets is recognised directly in equity.

## 2.6 Impairment – non-financial assets

The carrying amounts of the Council's non-financial assets, other than curriculum materials, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2.7 Curriculum materials

Curriculum materials are stated at the lower of cost and net realisable value.

## 2.8 Income recognition

### *Donations*

Donations are recognised on a receipt basis.

### *Grants*

Government grants consist of grants received or receivable.

Grants that compensate the Council for expenses incurred are recognised as income in the income statement in the period in which it is receivable. Grants that compensate the Council for the cost of an asset are deducted in arriving at the carrying amount of the asset. Such grants are recognised in the income statement over the life of the depreciable asset by way of a reduced depreciation charge.

### *Contributions from the Central Provident Fund scheme*

Contributions from the Central Provident Fund scheme are recognised when the right to receive payment has been established.

### *Student fee income*

Student fee income is recognised when services are rendered.

### *Finance income*

Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Council's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

## 2.9 Operating leases

Where the Council has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease.

## 2.10 Employee benefits

### *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under the short-term cash bonus if the Council has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 3 Property, plant and equipment – Operation Fund

	Student service centres					Total
	Office equipment	Computer equipment	Furniture and fittings	Office renovation	Office equipment	
Cost	\$	\$	\$	\$	\$	\$
At 1 January 2007	215,795	878,934	157,147	423,573	146,678	3,008,925
Additions	45,619	39,616	26,643	57,536	1,380	3,570
Disposals	(42,208)	(1,457)	-	-	-	-
At 31 December 2007	219,206	917,093	183,790	481,109	148,058	3,012,495
Additions	31,089	55,480	14,577	60,648	11,840	210,630
Disposals	(21,923)	(84,813)	(5,649)	-	(480)	(21,500)
At 31 December 2008	228,372	887,760	192,718	541,757	159,418	3,201,625
Accumulated depreciation						
At 1 January 2007	213,798	845,812	154,688	353,675	145,860	2,854,748
Depreciation charge for the year	16,386	52,931	6,833	39,724	1,033	47,833
Disposals	(42,208)	(1,457)	-	-	-	-
At 31 December 2007	187,976	897,286	161,521	393,399	146,893	2,902,581
Depreciation charge for the year	26,386	47,548	8,780	51,084	4,653	89,808
Disposals	(21,923)	(84,813)	(5,649)	-	(480)	(21,500)
At 31 December 2008	192,439	860,021	164,652	444,483	151,066	2,970,889
Carrying amount						
At 1 January 2007	1,997	33,122	2,459	69,898	818	154,177
At 31 December 2007	31,230	19,807	22,269	87,710	1,165	109,914
At 31 December 2008	35,933	27,739	28,066	97,274	8,352	230,736

	Furniture and fittings		Renovations		Total
	\$	\$	\$	\$	
At 1 January 2007	92,270	3,008,925	3,012,495	5,819,673	5,674,125
Additions	3,353	3,570	210,630	481,507	225,279
Disposals	-	-	(1,362)	(208,026)	(79,731)
At 31 December 2007	95,623	3,008,925	3,012,495	5,819,673	5,674,125
Additions	10,025	3,570	210,630	481,507	225,279
Disposals	(1,362)	-	(21,500)	(208,026)	(79,731)
At 31 December 2008	104,286	3,201,625	3,201,625	6,093,154	5,819,673

#### 4 Fund management investment schemes

	Operation Fund		Endowment Fund	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Non-current investments</b>				
Quoted equity securities available-for-sale	-	705,168	-	18,600,155
Quoted debt securities available-for-sale	-	3,310,875	-	12,440,174
Unquoted debt securities available-for-sale	-	1,878,384	-	2,625,598
Government securities available-for-sale	-	882,921	-	638,403
Money market	-	-	-	500,000
Interest receivable	-	48,845	-	136,826
Cash and cash equivalents held with fund managers	-	719,962	-	15,041,414
	-	<u>7,546,155</u>	-	<u>49,982,570</u>
<b>Current investments</b>				
Quoted equity securities held for trading	91,559	-	6,386,594	-
Quoted debt securities held for trading	2,242,016	-	15,090,048	-
Unquoted debt securities held for trading	594,627	-	6,615,278	-
Government securities held for trading	-	-	136,032	-
Interest receivable	33,871	-	217,095	-
Cash and cash equivalents held with fund managers	1,878,269	-	10,727,958	-
Derivative assets	159,658	-	1,453,720	-
Derivative liabilities	-	-	(132,442)	-
	<u>5,000,000</u>	-	<u>40,494,283</u>	-

The above represents funds placed with financial institutions who manage the funds on a full discretionary basis for a period of 2 to 3 years. Although the book value of the investments fluctuates during the fund management period, the investment managers have provided guarantee of the return of the principal sum to the Council at the end of the relevant fund management periods on 2 (2007: 2) portfolios. The funds are invested in investments which are in compliance with the provisions of the Trustees Act.

Forward foreign exchange contracts are held as economic hedges of debt securities and cash and cash equivalents denominated in foreign currencies.

During the year, the Council reclassified its investments held in fund management investment schemes from available-for-sale to held for trading. The carrying amounts of the investments of the Operation Fund and the Endowment Fund at the date of reclassification are \$7,546,155 and \$49,982,570 respectively. At the date of reclassification, the cumulative gain or loss included as fair value component of equity remains in equity until derecognition of the asset. The fair value at the date of reclassification represents the new basis for recognising changes in fair value for the trading asset.

The weighted average effective interest rates per annum and repricing periods of the interest earning financial assets managed under these portfolios are as follows:

<b>Operation Fund</b>	<b>Effective</b>		<b>Within</b>	<b>1 to 5</b>	<b>After</b>
<b>2008</b>	<b>interest</b>	<b>Total</b>	<b>1 year</b>	<b>years</b>	<b>5 years</b>
	<b>rate</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>%</b>				
Debt securities, government securities and deposits	2.65	4,748,783	2,528,521	1,918,596	301,666
<b>2007</b>					
Debt securities, government securities and deposits	3.27	6,840,987	2,056,411	4,784,576	-
<b>Endowment Fund</b>					
<b>2008</b>					
Debt securities, government securities and deposits	2.80	32,786,411	13,386,612	14,358,978	5,040,821
<b>2007</b>					
Debt securities, government securities and deposits	2.15	31,382,415	22,205,674	7,401,011	1,775,730

## 5 Direct investments

	<b>Operation Fund</b>		<b>Endowment Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Non-current investments</b>				
Unit trusts available-for-sale	132,449	1,958,109	1,067,000	1,124,875
Quoted equity securities available- for-sale	1,180,600	910,050	102,700	144,300
Quoted debt securities available- for-sale	-	-	603,271	879,693
	<u>1,313,049</u>	<u>2,868,159</u>	<u>1,772,971</u>	<u>2,148,868</u>

The weighted average effective interest rates per annum and repricing periods of the interest earning financial assets are as follows:

	<b>Effective interest rate</b>	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 5 years</b>	<b>After 5 years</b>
	%	\$	\$	\$	\$
<b>Endowment Fund</b>					
<b>2008</b>					
Debt securities	4.95	603,271	-	-	603,271
<b>2007</b>					
Debt securities	4.71	879,693	251,065	-	628,628

## 6 Contributions receivable through the Central Provident Fund Board scheme – Operation Fund

This relates to monthly contributions by individuals of the Chinese community through the Central Provident Fund Board scheme receivable from the Central Provident Fund Board for the month of December.

## 7 Student fees receivable – Operation Fund

	<b>2008</b>	<b>2007</b>
	\$	\$
Student fees receivable	119,460	190,470
Allowance for doubtful receivables	(4,000)	(4,000)
	<u>115,460</u>	<u>186,470</u>

The change in impairment loss in respect of student fees receivable during the year is as follows:

	<b>2008</b>	<b>2007</b>
	\$	\$
At 1 January	4,000	3,000
Impairment loss recognised	4,000	4,000
Impairment loss utilised	(4,000)	(3,000)
At 31 December	<u>4,000</u>	<u>4,000</u>

## 8 Other receivables – Operation Fund

	2008	2007
	\$	\$
Interest receivable	2,047	216
Deposits and prepayments	147,640	177,448
GST recoverable	44,091	26,666
Grants receivable	503,235	839,213
Other receivables	14,857	4,511
	711,870	1,048,054

Grants receivable comprise claims relating to the Skills Development Fund and Skills Redevelopment Programme.

## 9 Cash and cash equivalents

	Operation Fund		Endowment Fund	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash at bank and in hand	1,023,757	634,651	96,857	74,230
Deposits with financial institutions	1,500,000	351,134	1,068,179	192,016
	2,523,757	985,785	1,165,036	266,246

As at 31 December 2008, for cash at bank and in hand, \$1,019,457 or 99% (2007: \$630,651 or 99%) of the Operation Fund and \$96,857 or 100% (2007: \$74,230 or 100%) of the Endowment Fund were kept in interest-bearing savings or autosave accounts with financial institutions.

The weighted average effective interest rates per annum of the interest earning accounts and deposits at the balance sheet date are as follows:

	Operation Fund		Endowment Fund	
	2008	2007	2008	2007
	%	%	%	%
Cash at bank	0.04	0.17	0.11	0.36
Deposits with financial institutions	0.98	1.65	0.91	1.97

Interest rates reprice at intervals of one, three or six months.

## 10 Operation fund

The Operation Fund is a general fund of the Council to be applied for the general purposes of the Council in support of its objectives.

The Operation Fund comprises mainly the monthly contributions made by individuals of the Chinese community through the Central Provident Fund Board scheme as stipulated in The Central Provident Fund (Contributions to Community Fund (CDAC)) Rules 1992 which commences from September 1992 and the income (net) generated thereon.

The Council recorded a net deficit before transfers of \$4,755,743 (2007: \$489,917) for the year. During the year, \$1,710,000 (2007: \$1,250,000) was transferred from the Endowment Fund for financing the operating expenditures of the various programmes.

## 11 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments held until the investment is derecognised.

## 12 Other payables

	Note	Operation Fund		Endowment Fund	
		2008	2007	2008	2007
		\$	\$	\$	\$
Accrued operating expenses	13	2,633,575	1,811,725	381,745	585,630
Advances received		269,777	420,309	-	-
		<u>2,903,352</u>	<u>2,232,034</u>	<u>381,745</u>	<u>585,630</u>

## 13 Accrued operating expenses

	Operation Fund		Endowment Fund	
	2008	2007	2008	2007
	\$	\$	\$	\$
Auditors' remuneration:				
- audit fees	60,000	60,000	-	-
- non-audit fees	12,300	12,000	-	-
Fund management performance fee	1,950	2,012	381,745	585,630
Skill training awards	1,485,240	1,054,225	-	-
Agency fee payable to CPF Board	33,292	30,456	-	-
CPF contribution for December	141,625	162,063	-	-
Ready for School project	261,613	29,620	-	-
CDAC programmes and other administrative cost	480,978	301,241	-	-
Provision for unutilised leave	143,624	135,643	-	-
Other accruals	12,953	24,465	-	-
	<u>2,633,575</u>	<u>1,811,725</u>	<u>381,745</u>	<u>585,630</u>

## 14 Endowment fund

The Endowment Fund is established to receive specific donations from the public and government grant. The Board of Trustees is entrusted with the duty of managing and building up the Endowment Fund. Such endowment funds can be used for the Council's operations only with the approval of the Board of Trustees. Income generated by the Endowment Fund accrues to the Endowment Fund.

During the financial year, the Board of Trustees approved the transfer of \$1,710,000 (2007: \$1,250,000) from the Endowment Fund to the Operation Fund.

## 15 Other income

	Operation Fund		Endowment Fund	
	2008	2007	2008	2007
	\$	\$	\$	\$
Interest income:				
- deposits and bank balances	12,801	65,580	8,829	9,046
- student loans	10,060	11,298	-	-
Grant from the Ministry of Community Development, Youth and Sports	430,345	422,100	-	-
Others	573	730	-	-
	<u>453,779</u>	<u>499,708</u>	<u>8,829</u>	<u>9,046</u>

The grant from the Ministry of Community Development, Youth and Sports is for the refund of the Temporary Occupation Licence ("TOL") fee paid to the Singapore Land Authority (see note 17).

## 16 Resources expended on charitable activities – Operation Fund

Programme or Initiative	Cost	Support	2008 Total	2007 Total
	undertaken directly	cost (note 19)		
	\$	\$	\$	\$
Education Programme	3,973,738	353,315	4,327,053	4,243,745
Skills Training Programme	5,434,929	191,644	5,626,573	5,180,711
Student Service Centres Programme	2,878,175	382,412	3,260,587	2,840,185
Volunteers & Social Services Programme	1,316,597	119,622	1,436,219	967,361
- CDAC-SFCCA Hardship Assistance and CDAC-SFCCA Bursary schemes	946,332	-	946,332	578,749
B <sup>3</sup> Programme	148,342	34,204	182,546	203,138
Silver Talent Programme	337,996	38,968	376,964	247,914
CDAC Workfare Programme	2,086,890	84,443	2,171,333	985,048
CDAC Opportunity Fund Programme	370,852	-	370,852	551,620
	<u>17,493,851</u>	<u>1,204,608</u>	<u>18,698,459</u>	<u>15,798,471</u>

## 17 Expenses incurred – Operation Fund

The following items have been included in arriving at total expenses incurred:

	2008	2007
	\$	\$
Allowance for doubtful receivables	4,000	4,000
Bad debts written off	267	1,715
Depreciation expenses	301,992	215,871
Operating lease expenses	74,452	74,439
Staff costs:		
- key management personnel	465,399	499,039
- others	3,238,794	2,967,411
Contributions to defined contribution plans included in staff costs	376,545	339,149
Waiver of student fees	159,984	164,730
	<u>159,984</u>	<u>164,730</u>

CDAC occupies a government land at 65 Tanjong Katong Road, Singapore 436857 and pays a TOL fee yearly. Full refund on the TOL fee is received yearly from the Ministry of Community Development, Youth and Sports (see note 15). The TOL fee for the current financial year is \$430,345 (2007: \$422,100).

## 18 Investment income/(expense)

	Operation Fund		Endowment Fund	
	2008	2007	2008	2007
	\$	\$	\$	\$
Investment income/(expense) from fund management investment schemes:				
Interest income	135,675	179,938	780,977	758,663
Dividend income	6,094	7,889	440,172	464,564
Realised (loss)/gain on sale of investments	(238,712)	(26,591)	(2,070,970)	7,578,783
	<u>(96,943)</u>	<u>161,236</u>	<u>(849,821)</u>	<u>8,802,010</u>
Investment income from direct investments:				
Interest income from debt securities	1,000	2,094	34,245	40,013
Dividend income	46,359	60,997	19,442	31,718
Realised gain on sale of investments	100,250	589,919	69,938	550,721
	<u>147,609</u>	<u>653,010</u>	<u>123,625</u>	<u>622,452</u>

## 19 Support cost – Operation Fund

Support Cost	Education Programme \$	Skills Training Programme \$	Student Service Centres Programme \$	Volunteers & Social Services Programme \$	B <sup>3</sup> Programme \$	Silver Talent Programme \$	CDAC Workfare Programme \$	Basis of allocation
Staff cost (include management)	205,357	149,957	141,590	74,310	29,764	29,764	45,883	Usage in terms of time spent
Maintenance and administrative expenses	118,346	23,238	72,628	16,714	4,440	9,204	38,560	Floor area in terms of floor area occupied and usage
Depreciation expenses	29,612	18,449	168,194	28,598	-	-	-	Usage in terms of assets acquired
<b>Total for 2008</b>	<b>353,315</b>	<b>191,644</b>	<b>382,412</b>	<b>119,622</b>	<b>34,204</b>	<b>38,968</b>	<b>84,443</b>	
<b>Total for 2007</b>	<b>351,384</b>	<b>191,209</b>	<b>313,474</b>	<b>125,778</b>	<b>32,571</b>	<b>36,887</b>	<b>75,313</b>	

Allocated staff cost includes the manpower cost of management staff, administration and Information Technology staff but exclude staff who directly handles the programme . Depreciation expenses incurred for Student Service Centres programme include the depreciation expenses of the renovation cost of Student Service Centres and the assets acquired such as computers and office equipment to operate the centres.

## 20 Taxation

The Council is an approved charity organisation under the Charities Act, Chapter 37 and an institution of a public character under the Income Tax Act, Chapter 134. No provision for taxation has been made in the financial statements as the Council is a registered charity with income tax exemption with effect from year of assessment 2008.

## 21 Financial risk management

### Overview

Risk management is integral to the operations of the Fund. Management has established a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks.

### Credit risk

Credit risk is the potential financial loss resulting from the failure of a counter party to settle its financial and contractual obligations to the Council, as and when they fall due.

The maximum exposure to credit risk for loans and receivables at the reporting date (by type of debtors) is:

	Operation Fund	
	2008	2007
	\$	\$
Government agencies	1,405,857	1,684,378
Self-help group	113,000	182,470
Others	19,364	8,727
	1,538,221	1,875,575

The Council establishes an allowance for impairment that represents its estimate of incurred losses in respect of its trade receivables.

The ageing of receivables are as follows:

	Operation Fund			
	Gross 2008	Impairment losses 2008	Gross 2007	Impairment losses 2007
	\$	\$	\$	\$
Not past due	1,536,020	-	1,872,066	-
Past due 0 – 30 days	-	-	-	-
Past due 31 – 60 days	6,201	4,000	7,509	4,000
More than 60 days	-	-	-	-
	1,542,221	4,000	1,879,575	4,000

Based on historical default rates, the Council believes that no impairment is necessary in respect of receivables not past due or past due up to 60 days except for specifically identified amounts. These receivables are mainly arising from Government and Self-Help Group agencies.

Similarly on investment operations, stringent criteria are adopted by the Investment Committee in the selection of professional fund managers for investments in fund management investment schemes.

These professional Investment Managers adopt very stringent quantitative and qualitative criteria in their investment process which cover research and fundamental analysis; strategy and asset allocation including portfolio construction; and risk management and performance analysis.

The debt securities comprise government securities and corporate bonds of good credit quality.

Fixed income investments are assessed using stringent investment criterion and this includes, but is not limited to, a thorough analysis of each debt security's terms and conditions, the availability and quality of the guarantor, as well as financial strength of the issuer.

Cash and cash equivalents are placed with banks and financial institutions which are regulated.

#### ***Liquidity risk***

The Council monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Council's operations and to mitigate the effects of fluctuations in cash flows.

#### ***Market risk***

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Council's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

#### ***Currency risk***

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Council is exposed to the effects of foreign currency exchange rate fluctuations, principally in US dollar and Hong Kong dollar.

The Council's foreign currency exposures are as follows:

	US dollar \$	Hong Kong dollar \$	Indonesian rupiah \$	Malaysian ringgit \$	Other currencies
<b>Operation Fund 2008</b>					
Investments	-	58,559	-	-	-
<b>2007</b>					
Investments	-	201,738	-	-	-
<b>Endowment Fund 2008</b>					
Investments	1,679,405	1,498,788	837,584	169,558	831,562
Cash and cash equivalents	276,253	21,100	5,151	286,871	227,885
	<u>1,955,658</u>	<u>1,519,888</u>	<u>842,735</u>	<u>456,429</u>	<u>1,059,447</u>
<b>2007</b>					
Investments	151,122	3,397,950	1,102,066	3,271,869	1,381,871
Cash and cash equivalents	560,431	767,405	435,333	311,678	367,617
	<u>711,553</u>	<u>4,165,355</u>	<u>1,537,399</u>	<u>3,583,547</u>	<u>1,749,488</u>

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the following currencies at the reporting date would increase (decrease) the reserves and income by the amounts shown below respectively. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Operation Fund		Endowment Fund	
	Reserves \$	Profit or loss \$	Reserves \$	Profit or loss \$
<b>31 December 2008</b>				
US dollar	-	-	-	(195,413)
Hong Kong dollar	-	(5,856)	-	(151,989)
Indonesian rupiah	-	-	-	(84,274)
Malaysian ringgit	-	-	-	(45,643)
<b>31 December 2007</b>				
US dollar	-	-	(15,112)	(56,043)
Hong Kong dollar	(20,174)	-	(339,794)	(76,741)
Indonesian rupiah	-	-	(110,206)	(43,533)
Malaysian ringgit	-	-	(327,187)	(31,168)

***Interest rate risk***

The Council's exposure to market risk for changes in interest rates relates to the interest-bearing cash and cash equivalents and debt securities. The weighted average effective rates at balance sheet date and the periods in which they reprice or mature are disclosed in Note 4 and 5.

***Sensitivity analysis***

At the balance sheet date, management assessed that an increase (decrease) of 100 basis points in the interest rates would have no significant impact to the results of the Council.

***Price risk***

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

***Sensitivity analysis***

The Council's equity securities are classified as available-for-sale investments or held for trading. A 10% increase (decrease) in the underlying equity prices at the reporting date with all other variables held constant would increase (decrease) the reserves and income by the following amount:

	<b>2008</b>		<b>2007</b>	
	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operation Fund</b>				
Reserves	131,305	(131,305)	357,333	(357,333)
Profit or loss	9,156	(9,156)	-	-
<b>Endowment Fund</b>				
Reserves	116,970	(116,970)	1,860,015	(1,726,748)
Profit or loss	638,659	(638,659)	-	(133,267)

***Investment risk***

An Investment Committee, established to advise, review and approve investment proposals and appointment of investment managers, monitors the Council's investments on an ongoing basis. Most of the Council's funds are placed with regulated financial institutions who manage the funds on a full discretionary basis.

***Estimation of fair value***

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Council.

### *Investments in equity and debt securities*

The fair value of quoted financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid prices at the reporting date.

The fair value of unquoted debt securities is provided by investment fund managers as obtained from recognised market makers.

### *Derivatives*

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual period to maturity of the contract using a risk-free interest rate (based on government bonds).

### *Other financial assets and liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including other receivables, cash and cash equivalents and other payables) are assumed to approximate their fair values because of the short period to maturity.

## **22 New accounting standards and interpretations not yet adopted**

The Council has not applied the following standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 1 (revised 2008) *Presentation of Financial Statements*
- FRS 23 (revised 2007) *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 102 *Share-based Payment – Vesting Conditions and Cancellations*
- Improvements to FRSs 2008
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*

FRS 1 (revised 2008) *Presentation of Financial Statements* will become effective for the Council's financial statements for the year ending 31 December 2009. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the Council's financial position or results.

Improvements to FRSS 2008 will become effective for the Council's financial statements for the year ending 31 December 2009, except for the amendment to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* which will become effective for the year ending 31 December 2010. Improvements to FRSS 2008 contain amendments to numerous accounting standards that result in accounting changes for presentations, recognition or measurement purposes and terminology or editorial amendments.

The initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Council's financial statements. The Council has not considered the impact of accounting standards issued after the balance sheet date.